

## Message Text

CONFIDENTIAL

PAGE 01 BELGRA 07032 281613Z

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 DODE-00 NRC-05 NSAE-00 USIA-06

TRSE-00 ERDA-05 CIAE-00 COME-00 /036 W

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R 281400Z OCT 76

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 8538

INFO AMCONSUL ZAGREB

C O N F I D E N T I A L BELGRADE 7032

EO 11652: GDS

TAGS: ESTC YO

SUBJ: EXPORT CONTROL MEETING WITH GOY OCT 27, 1976

REF: (A) STATE 262605; (B) BELGRADE 6929

1. AFTER A 24-HOUR DELAY REQUESTED BY GOY BECAUSE THEIR DELCHIEF (STANOJEVIC) DID NOT RETURN TO BELGRADE UNTIL LATE OCT 25, EXCON MEETING BEGAN AT 10 A.M. OCT 27. AMBASSADOR OUTLINED US-YUGOSLAV RELATIONSHIP SINCE 1954; US CONCERNS OVER DIVERSIONS WHICH LED TO 1971 EXCON MEETING, THE LACK OF IMPROVED COOPERATION SINCE THAT TIME, AND THE NEED FOR A CANDID DISCUSSION ESPECIALLY SINCE US CONCERNS OVER THE ENFORCEMENT OF US EXPORT CONTROLS HAVE NOT ABATED, BUT INCREASED SUBSTANTIALLY. THIS CONCERN IS HIGHLIGHTED BY THE NON-RESPONSIVENESS TO DATE OF THE GOY ON THE SIX DIVERSION CASES. STANOJEVIC STATED THAT THEIR RESPONSE ON OLD CASES WAS CONTAINED IN JUN 1976 SNUDERL-SILBERMAN LETTER AND NO FURTHER CONSIDERATION OF THESE CASES NECESSARY. HE THEN CALLED FOR EXPLANATION OF POST-1974 GOY LICENSING AND CONTROL SYSTEM FROM DEJAN DIMOV, SECRETARY FOR LICENSING, AND DIMITAR VLAHOV, NORTH AMERICAN DESK, FEDERAL SECRETARIAT FOR FOREIGN AFFAIRS. AFTER DETAILED DESCRIPTIONS OF CHANGES MADE IN GOY LICENSING AND CONTROL SYSTEM, STANOJEVIC POSED THREE QUESTIONS:

- 1) ARE THERE ANY NEW US REGS SINCE 1974?
- 2) ARE THERE ANY CHANGES ON US STRATEGIC COMMODITY

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PAGE 02 BELGRA 07032 281613Z

LIST?

3) ARE THERE ANY NEW PROVISIONS FOR MORE EFFICIENT PROVESSING OF PENDING US CASES, ESPECIALLY THOSE CASES WHERE SEVERAL MONTHS TO A YEAR'S DELAY ENSUE AFTER CONTRACTS SIGNED? AT THIS POINT, GOY INTENTIONS WERE BECOMING CLEAR; NON-RESPONSIVENESS ON ALL DIVERSION CASES COUPLED WITH COUNTER-REQUESTS FOR PERIPHERAL INFORMATION MADE IT OBVIOUS THAT WE WERE NOT GOING TO GET ANYWHERE.

2. AMBASSADOR REPLIED THAT ESTABLISHING AN EFFECTIVE EXPORT CONTROL SYSTEM WAS IMPORTANT BUT STRENGTH OF SYSYSTEM DEPENDS COMPLETELY ON THE WILL TO ENFORCE IT. USDEL THEN ASKED WHAT ROLE GOY WOULD LET USG PLAY IN SYSTEM IMPROVEMENT. AT THIS POINT, WE INTRODUCED PROPOSALS FOR US PARTICIPATION IN POST SHIPMENT CHECKS AND IDEAS FOR BETTER FLOW OF END-USE INFORMATION. WE REITERATED OUR CONCERN OVER BREAKDOWN OF SYSTEM AND MENTIONED THE INCONSISTENT AND CONFLICTING INFORMATION WE HAVE RECEIVED FROM DIMOV IN THE PAST. AFTER ADDITIONAL DIALOGUE IN WHICH POSITIONS WERE RESTATED, STANOJEVIC ASKED FOR A 20-MINUTE RECESS TO CONSIDER US PROPOSALS. UPON RESUMPTION, ATMOSPHERE HAD NOTICEABLE CHILL AND AIR OF FINALITY. WE WERE TOLD THAT OUR PROPOSALS RAISED MATTERS OF SUBSTANCE WHICH WERE BEYOND THE COMPETENCE OF THE CHAMBER OF ECONOMY AND MUST BE REFERRED TO HIGHER GOVERNMENTAL AUTHORITY. HE ALSO EXPRESSED REGRET THAT WE HAD NOT INFORMED THE YUGOSLAV SIDE IN TIME OF THE SUBJECTS WE HAD WANTED TO DISCUSS (E.E. THE DIVERSION CASES AND SYSTEM IMPROVEMENT WE HAVE BEEN TALKING ABOUT FOR TWO YEARS). HE REITERATED GOY VIEW THAT PAST DIVERSION CASES ARE USEFUL ONLY AS FAR AS THEY DEMONSTRATE THE EFFICIENCY OF THE PRESENT YUGOSLAV CONTROL SYSTEM. HE THEN SUGGESTED THAT SINCE THERE WAS NO FURTHER NEED TO DISCUSS THESE MATTERS AT THIS TIME, WE SHOULD CONSIDER THE MEETING TERMINATED. AMBASSADOR SAID THAT HE ACQUIESCED IN STANOJEVIC'S DECISION TO TERMINATE MEETING AND SAID USG WOULD AWAIT GOY RESPONSE TO OUR QUESTIONS. IN ONE LAST BURST OF DAZZLING CHUTZPAH, STANOJEVIC REQUESTED THE USG TO REVIEW ITS PROCEDURES AND EXPEDITE ISSUANCE OF EXPORT LICENSES.

3. COMMENT: IF ANYTHING USEFUL EMERGED FROM THIS MEETING, IT IS PROBABLY THE DEMONSTRATION OF NAKED INTRANSIGENCE GOY CAN SHOW WHEN IT DOES NOT WANT TO ACT. REPRESENTATIVES OF THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BELGRA 07032 281613Z

THREE PRIMARY USG AGENCIES INVOLVED HAVE NOW BEEN EXPOSED TO GOY FORMAL NEGOTIATING TACTICS AND THEY, TOGETHER WITH THE EMBASSY, HAVE NO ILLUSIONS THAT OUR FUTURE RELATIONSHIPS IN THIS AREA ARE GOING TO BE ANYTHING BUT TRYING.  
SILBERMAN

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